

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L CARACAS 003715

SIPDIS

STATE FOR WHA/AND
NSC FOR CBARTON
TREASURY FOR OASIA-GIANLUCA SIGNORELLI
HQ USSOUTHCOM FOR POLAD
BUENOS AIRES FOR TREASURY (MHAARSAGER)

E.O. 12958: DECL: 12/01/2014
TAGS: [PREL](#) [ECON](#) [PINS](#) [ENRG](#) [ETRD](#) [VE](#)
SUBJECT: CHAVEZ-URIBE SUMMIT: ECONOMICS FOCUS WITH SECURITY
SOUNDBITES

REF: A. BOGOTA 11751

[1](#)B. CARACAS 2172
[1](#)C. CARACAS 3032

Classified By: ECONOMIC COUNSELOR RICHARD M. SANDERS FOR REASON 1.4 D

SUMMARY

[1](#)1. (C) Most Venezuelan press reports on the Chavez-Uribe summit in Colombia November 9 focused on security issues, especially Chavez's declaration that the GOV does not support the FARC. The joint declaration, on the other hand, avoided such topics, focusing almost completely on economic issues such as energy (including a Chavez proposal to re-route a gas pipeline under consideration) and trade. A Colombian diplomat in Caracas confirmed that indeed, economics predominated. END SUMMARY.

CHAVEZ: "WE DO NOT SUPPORT THE FARC"

[1](#)2. (U) President Hugo Chavez traveled to Cartagena on November 9 and met with his Colombian counterpart, Alvaro Uribe. While the joint declaration that resulted focused nearly 100% on economic issues (see below) - press reports in Venezuela were dedicated almost entirely to security issues, in particular President Chavez's emphatic denial of support for the FARC. Chavez stated in Cartagena, swearing upon his mother, "We say to the Colombian people, let no one believe this great lie that some keep repeating up there, above all in the North. We do not support the FARC; we want peace in Colombia." He added, "it is very important that the community know in what direction the Venezuelan government is going: that of commitment to reestablish the dominion of the Colombian democratic institutions and of security so that our peoples are not affected by drug trafficking, guerrilla war, or paramilitaries." Uribe for his part said that he recognized "the interest of the Chavez government to help us in this security problem."

PIPELINE PLANS: GAS AND OIL

[1](#)3. (C) Patricia Cortes, Colombian political counselor in Caracas, however told econoff November 17 that discussions largely focused on economic themes. She highlighted the discussions for possible gas and oil pipelines connecting the two nations, noting that both items were pushed by her government. She noted that the gas pipeline could be approved by early next year - a technical meeting is scheduled to take place in Caracas November 23 to 27 - but added that Chavez suggested a new route for the pipeline during the Cartagena meeting. The previously discussed route was from Lake Maracaibo to Ballenas, on the northern shore of Colombia, but Chavez's new proposal was from Punto Fijo (the port serving the giant Paraguana refinery) to the border of the two countries on the Gulf of Venezuela. The former route would be primarily over land, with about equal parts in each country, while the latter route would be almost entirely in Venezuelan territorial waters.

THE OTHER ECONOMIC ISSUES

[1](#)4. (U) The declaration had more text devoted to trade than any other subject, calling for increased cooperation in agriculture and fighting smuggling. Chavez raised electricity purchases (western Venezuela has chronic power shortages), and the two leaders "endorsed" work already completed toward that end. There was also agreement to create an undefined "binational nucleus of endogenous development" with an eye toward a total of four, two in each

country. Agriculture ministers will meet in January 2005 to further that plan. (NOTE: "endogenous development" is

Chavez-speak for aggressive state sponsorship of small scale agricultural and manufacturing cooperatives. END NOTE.)

15. (C) Cortes indicated that the Colombians considered contraband a major issue. There has long been a problem with illegal imports of gasoline, given the cheap price thanks to GOV subsidies. However, the fixed exchange rate has created a whole new area for rent-seeking, as buyers purchase products based on their dollar value at the official exchange rate and sell them at the parallel rate. A major example is steel - SIDOR, the largest steel manufacturer in Venezuela, is producing in near-record quantity (see ref B) - and Cortes acknowledged that steel was a product that was being imported illegally into Colombia.

COMMENT

16. (C) Since the killing of Venezuelan soldiers and a civilian in Venezuelan territory on September 17 (ref C), Chavez's denials of support for the FARC have grown stronger - in the lead-up to the summit, he swore "on his mother" that the GOV did not support the organization. But while the press, aided by some of Chavez's comments, tended to focus on that aspect, the economic agenda clearly predominated in terms of substance.
Brownfield

NNNN
2004CARACA03715 - CONFIDENTIAL